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SUPPLEMENT TO  
REPORT NO

25X1X

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1. The cost of living in Canton has increased by 60 percent since the issue of the new JMP 50,000 and JMP 100,000 banknotes.<sup>1</sup>
2. On 18 September, 80 cases of banknotes of the above denominations were sent by air from Hankow to Canton. The same day 300 cases of obsolete silver coins were returned to Hankow by the same plane.<sup>2</sup>
3. As of September, the rate of exchange in Yunnan for silver piastres was one piastre to JMP 6,000 contrasted with the rate of one to JMP 10,000 as of April 1951.
4. In September, the Central and South China Military and Administrative Committee instructed the Canton Military Control Commission to place complete restrictions on liquid fuel and industrial raw materials in Kwangtung. A registration and rationing program was contemplated, and all existing stocks were to be sealed.<sup>3</sup>

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1. [REDACTED] Comment. This is one of the highest estimates of the rise in living costs received by this office. [REDACTED] mentioned the circulation of JWP 50,000 and JWP 100,000 notes in August 1951. It is usually considered that the issuance of large denomination notes is not a cause, but is rather a symptom of inflation. One factor which might contribute to a marked rise in the price of rice in September in Kwangtung is that the summer grain levy was completed at the end of August.

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2. [REDACTED]
3. [REDACTED] Comment. According to information available to this office, the Chinese Communists set up a purchase control office in Canton for the control of large-scale transactions in July 1951. In September, the authorities declared there was an acute shortage of fuel oil, and all dealers in Kwangtung, Kwangsi, Hupeh, Hunan, and Honan were required to register all their stocks.

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CENTRAL INTELLIGENCE AGENCY

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A radio broadcast of 28 November from Hong Kong reported that LIANG Sheng, director of the Kwangtung Bureau of Industry and Commerce, had announced that all stocks of industrial raw materials, machine tools, hardware, and communications equipment had to be marketed at an exchange within 3 days of their importation or production. According to a Reuters broadcast from Hong Kong on 21 June, Chinese Communist authorities in Canton had at that early date already ordered all public vehicles in the city altered to burn charcoal.

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